



August 13, 2014

Item No. 9

RECOMMENDATION TO APPROVE THREE (3) DEVELOPMENT TEAMS FOR SUBSIDIZED FAMILY HOUSING UNIT DELIVERY AND TO AMEND RESOLUTION 2013-CHA-115 TO EXPAND THE FUNDING AUTHORIZATION FOR THE REAL ESTATE ACQUISITION PROGRAM TO INCLUDE MIXED FINANCE HOUSING DEVELOPMENT PROJECTS IN AN AMOUNT NOT TO EXCEED \$72,000,000

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners ("Board") authorize the Chief Executive Officer or his designee to approve the below three (3) Development Teams for subsidized family housing unit delivery.

MIXED FINANCE DEVELOPERS
Bickerdike Redevelopment Corporation
spanic Housing Development Corporation
/ Communities, LLC and KLEO Life Center (JV)

It is additionally recommended that the Board amend Resolution 2013-CHA-115 to expand the funding authorization for the previously committed \$72,000,000 approved for the Real Estate Acquisition Program (REAP) to include projects submitted under the mixed finance housing development method to correct an error in the original resolution's authorization limitation. Similar to the original resolution's authorization, CHA will report quarterly to the Board all funding commitments made under the amended authorization.

The Chief Housing Officer, the Office of the General Counsel and the Department of Procurement and Contracts have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

PLAN FORWARD GOAL

Reimagine the final phase of the Plan for Transformation, coordinating public and private investments to develop healthy, vibrant communities.

FUNDING

Not Applicable

SOLICITATION SUMMARY

RFQ Number: 14-01301

Solicitation Release Date: 03/25/14

Contract Type: Professional Services **Days Advertised:** 03/24/14, 03/26/14, 03/28/14

Contract Period: Two Years

Addendum(s): 04/16/14 & 04/23/14

Publication(s): Chicago Sun-Times,

Pre-Qualification Meeting: 04/01/14

Chicago Defender, Extra Newspaper, **Solicitation Due Date:** 04/30/14

BuySpeed and CHA's website

Number of Vendors Solicited: 298

Number of Pickups: 44

Number of Respondents: 5

Total Number of Respondents Approved: 4

M/W/DBE Participation: Signed affidavit on file

Section 3: Signed affidavit on file

GENERAL BACKGROUND

The goal of the pre-qualified developer team (PDT) procurement is to build on CHA's experience of working with private development teams and owners to supply quality housing that enables low-income families to maximize their potential for long-term economic success. The PDT procurement also provides a method to prequalify developers and creates opportunities for the CHA to provide capital loans with per unit operating subsidy for new construction and rehabilitation of multi-family, mixed income and mixed use projects that directly benefit CHA residents.

The CHA has refined the scope and program features of its PDT procurement, to engage development partners for the acquisition, development and management of mixed income developments and family units with a preference in investing in Opportunity and General Areas. CHA's primary objective is to provide the highest quality housing units for low-income families within diverse and healthy communities.

The selected respondents will be issued a "Letter of Qualification" and have two years from the date of that letter to submit proposals to the CHA. CHA may provide financial investment or enter into long term leases for the units, subject to Board, HUD, or other necessary approvals.

Development is also requesting to amend Board Resolution 2013-CHA-115 to allow for up to \$72,000,000 to fund both mixed finance housing development projects as well as acquisition (REAP) program units.

In response to PDT RFQ No. 13-01072, twenty four (24) selected development teams provided commitment letters giving their best faith estimates of unit deliveries to the CHA over a two year qualification time period that included unit delivery estimates for both mixed-income and under REAP. As a result of the overall projected unit delivery expectations, CHA Board Resolution 2013-CHA-115 approved funding in an amount not to exceed \$72,000,000, allocated to fund only the Real Estate Acquisition Program (REAP) and inadvertently excluded the mixed finance housing development projects.

The \$72,000,000 budgeted amount approved by the Board was based on an estimated cost of \$200,000 per unit for 140 units in 2014 (totaling \$28,000,000), and 220 units in 2015 (totaling \$44,000,000), which represented proposed unit delivery representations for both REAP and mixed-finance housing development projects.

Similarly all four of the newly selected development teams procured under this RFQ, No. 14-01301 submitted their qualifications and commitment letters to include mixed income/finance development units. Pre-Qualification status is not required to submit acquisition proposals to the CHA.

Similar to the original resolution's authorization, CHA will report quarterly to the Board all funding commitments made under the amended authorization.

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and all applicable federal (HUD) procurement laws.

The Chief Housing Officer concurs with the recommendation to approve three (3) Development Teams for subsidized family housing unit delivery and to amend Resolution 2013-CHA-115 to expand the funding authorization for the Real Estate Acquisition Program to include mixed finance housing development projects in an amount not to exceed \$72,000,000.

The CEO/President recommends the approval of three (3) Development Teams for subsidized family housing unit delivery and to amend Resolution 2013-CHA-115 to expand the funding authorization for the Real Estate Acquisition Program to include mixed finance housing development projects in an amount not to exceed \$72,000,000.

RESOLUTION NO. 2014-CHA-85

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated August 13, 2014 entitled "AUTHORIZATION TO APPROVE THREE (3) DEVELOPMENT TEAMS FOR SUBSIDIZED FAMILY HOUSING UNIT DELIVERY AND TO AMEND TO RESOLUTION 2013-CHA-115 TO EXPAND THE FUNDING AUTHORIZATION FOR THE REAL ESTATE ACQUISITION PROGRAM TO INCLUDE MIXED FINANCE HOUSING DEVELOPMENT PROJECTS IN AN AMOUNT NOT TO EXCEED \$72,000,000."

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT the Board of Commissioners authorizes the Chief Executive Officer or his designee to approve the below three (3) Development Teams for subsidized family housing unit delivery and to amend Resolution 2013-CHA-115 to expand the funding authorization for the Real Estate Acquisition Program to include mixed finance housing development projects in an amount not to exceed \$72,000,000.

MIXED FINANCE DEVELOPERS
Bickerdike Redevelopment Corporation
Hispanic Housing Development Corporation
KMW Communities, LLC and KLEO Life Center (JV)



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